New exploration and licencing policy

419. SHRI PREM CHAND GUPTA: Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether it is a fact that Government has formed a New Exploration and Licencing Policy (NELP);

(b) what are the specific benefits to companies exploring for new oilfields; and

(c) whether these benefits accrue to companies already exploring for oil?

THE MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI T. R. BAALU): (a) Yes, Sir.

(b) The main benefits to companies exploring for new oilfields under New Exploration Licencing Policy (NELP) would be as follows:

(i) Contractor will be allowed full cost recovery *(i.e.,* exploration cost, development cost and production cost) with unlimited carry forward period on contract area basis unlike the previous regime, where exploration cost was allowed to be recovered on contract area basis and development and production cost on field-wise basis.

(ii) Companies including ONGC/OIL to be paid international price of oil for discoveries made in the blocks offered under NELP.

(iii) Royalty payment at the rate of 12.5% for the onland areas and 10% for offshore areas. Half of the royalty from the offshore area will be credited to a hydrocarbon development fund to promote and fund exploration related activities, such as acquisition of geological data on poorly explored basins, promotion of investment opportunities in the upstream sector, institution building etc.

(iv) To encourage exploration in deep water and frontier areas royalty may be reduced or exempted. To begin with, royalty will be charged at half the prevailing rate for offshore areas for deep water areas beyond 400 metre bathymetry for the firsi 7 years after commencement of commercial production.

(v) Pre-tax sharing of profit oil rather than post-tax as at present.

(vi) Freedom to the contractors for marketing of crude oil and gas in the domestic market.

(vii) The PSC contractors will be provided fiscal stability during the entire period of contracts.

(c) No, Sir. These benefits will accrue only for blocks awarded under NELP.

Offshore loans by I.O.C.

420. SHRI RAJNATH SINGH 'SURYA': Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether it is a fact that Indian Oil Corporation has tied up for offshore loan for financing oil imports;

(b) if so, the reasons therefor; and

(c) the position regarding 1996-97?

THE MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI T. R. BAALU): (a) and (b) IOC being the sole canalising agency for import of crude oil and major petroleum products has been raising short term foreign currency loans for financing imports and such loans are availed within the ceilings prescribed by Govt, from time to time.

(c) The amount of outstanding overseas loans as on 31.3.97 was US$ 1989 million.